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SUBJECT: EMBASSY MINSK WEEKLY POL/ECON REPORT - AUGUST 3, 2007

¶1. The following are brief items of interest compiled by Embassy Minsk.

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Civil Society

¶2. Neo-Nazi Activist Jailed

A Gomel court on July 27 sentenced Mikhail Yakovchuk, an activist of the Russian-based neo-Nazi group Russian National Unity (RNE) to six months in jail for participating in an unregistered organization. Yakovchuk defied earlier warnings from the prosecutor's office and continued to distribute printed materials and recruit new members. The Belarusian Helsinki Committee voiced concern over the mild sentence, citing that the Criminal Code provides harsher punishment for inciting ethnic and religious hatred. Yakovchuk is the first non-opposition member penalized under the controversial Article 193, which many human rights NGOs view as unconstitutional.

¶3. Disabled Children Seek Greater State Support

On July 27, the Association of Disabled Children with Cerebral Paralysis and Spinal Pathology in Gomel appealed to authorities to increase state support to families with disabled children. The 120-member association sent copies of the appeal to the Presidential Administration, Parliament, and the Ministry of Labor and Social Security. Head of the association Elena Maksimova pointed out that

the monthly allowance to parents with a disabled child over 18 years of age was only USD 20 and for underage children USD 65. Moreover, parents with disabled children are not able to earn a decent living as they must constantly take care of the children and purchase expensive medicines. Maksimova cited the "miserable" conditions for such families and doubted that authorities would take measures to alleviate their situation.

14. Two Protestants Briefly Detained

Dmitriy Butenko and Andrey Litvinov, members of the Minsk-based Protestant New Life Church (NLC) community, were detained on July 27. Police apprehended the two activists in downtown Minsk as they were planning to collect signatures for a petition calling for the liberalization of Belarus' discriminatory religion law. They were taken to a nearby police station, charged with distributing illegal printed materials, and released two hours later. NLC lawyer Sergey Lukanin maintained that the detention was illegal because Butenko and Litvinov had not distributed any leaflets. He also vowed that NLC activists would continue collecting signatures despite GOB harassment.

15. Human Rights NGO Seeking Registration

Staff of human rights NGO Vyasna on July 31 reported that they applied for re-registration with the Ministry of Justice (MOJ) on July 23. This is Vyasna's first attempt after losing registration in October 2003. Human rights lawyer Vladimir Labkovich reiterated that the chances of obtaining registration was "zero" since the GOB repeatedly fails to observe and protect citizens' rights. According to Labkovich, an MOJ official unofficially told him that registering Vyasna was a "political decision" that had already been made.

16. Law Officers Complete Anti-TIP Training

Twenty-six police officers from Belarus, Armenia, Georgia, Moldova,
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Ukraine and other countries completed educational courses at the international center for anti-TIP and illegal migration training at the Ministry of the Interior (MVD) Academy July 31. The officers studied various issues related to TIP and migration, ranging from international and Belarusian legislation on human trafficking to interacting with TIP victims. MVD Academy professors and Belarusian scholars developed the courses and invited experts from the International Organization for Migration to speak. The Academy will soon enroll more law enforcement agents to study social and psychological rehabilitation for TIP victims, trends in migration, and legal instruments for its regulation.

Domestic Economy

17. GOB Reports That Investment Reached USD 1 Billion

Prime Minister Sergey Sidorskiy told the Cabinet on July 31 that economic investment in Belarus increased 20 percent in January-June to USD 1 billion. In that time, the money market and inflation remained stable. The economy's biggest concern was the growing foreign trade deficit caused by higher energy prices and intensive import.

18. Belarus' Trade Deficit Rises

The statistics ministry on July 31 announced that Belarus' foreign commodity trade deficit doubled in January-June on the year to USD 1.8 billion. The ministry attributed the deficit to a 22.4 percent increase in imports and only a 15.3 percent rise in exports. Belarus' trade deficit with CIS countries reached USD 3.2 billion (primarily with Russia). Belarus had a USD 1.4 billion surplus in trade with non-CIS countries.

19. Potash Sales In 2007 at Record High

Deputy Prime Minister Vladimir Semashko announced July 31 that

Belarusian Potassium Company would increase its on-the-year sales in 2007 by 20 percent to USD 1.2 billion. The company, jointly controlled by Belaruskaliy and Russia's Uralkaliy, was established in 2005 to sell Belarusian and Russian-made potassium fertilizers in the world markets without intermediaries. According to Semashko, the Belarusian Potassium Company now sells fertilizers at a record-high USD 300 per ton, while only two years ago the price ranged from USD 110-120 per ton.

International Trade

10. Lukashenko Allows Foreign Purchase of Motovelo

On July 31, Lukashenko allowed Austria's ATEC Holding GMBH to purchase the GOB's 99 percent stake at the Minsk bicycle/motorcycle manufacturer Motovelo. Under the agreements, ATEC will settle the company's debts and invest at least USD 20 million to continue the production of bikes while using the same brand name. In previous speeches Lukashenko often praised ATEC for investing in Belarus without competing with traditional domestic industries.

11. Venezuela's USD 500 Million Loan to Belarus Project

Deputy Prime Minister Semashko informed the GOB on July 31 that Venezuela issued a USD 500 million loan to fund joint venture projects with Belarus in 2007. According to Semashko, Venezuelan President Hugo Chavez promised that should the projects develop as planned, his government would issue 15 yearly USD 500 million loan installments to Belarus at 3.5 percent interest. Semashko mentioned that important joint projects with Venezuela included oil exploration and extraction, housing construction, and food supplies.

12. Quote of the Week

According to independent news portals, on July 25 lead singer of the Rolling Stones Mick Jagger -- whose group performed in Warsaw -- told representatives of the Belarusian Free Theater that he was interested in the situation in Belarus and hoped it would one day be a free European country. In the best Belarusian he could muster, Jagger allegedly proclaimed the opposition slogan "long live Belarus!"

Stewart